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U.S. DEPARTMENT OF ENERGY

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DRAFT EIS PUBLIC MEETING

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TRANSCRIPT OF A PUBLIC MEETING

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The following public meeting was held in

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Pascagoula, Mississippi, on the 20th day of June

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2006, commencing at approximately 7:00 p.m.

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1 PRESENT:

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3 MR. DAVID JOHNSON

4 DEPARTMENT OF ENERGY

5 OFFICE OF PETROLEUM RESERVE

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7 MS. KAREN FADELY

8 DEPARTMENT OF ENERGY

9 OFFICE OF PETROLEUM RESERVE

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13 ALSO PRESENT: MR. ALAN SUMMERVILLE

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20 Phyllis A. Hoiles, AL-CSR-338

21 Court Reporter

22 Mississippi CSR 1726

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MS. BECKY GILLETTE: First I would like to make a comment that's not really directed to the Department of Energy, but to Congress. And it seems to me that it's -- at a time when global warming is a huge concern and when we've had evidence of that through Hurricane Katrina and are now facing stronger hurricanes as a result, the fact that the government would spend billions of dollars to store more oil rather than investing in the renewable energy and energy conservation is a shame and it's an outrage. That's where our efforts need to be placed, not squirreling away more oil while we spend it like there's no tomorrow. Now, specific to the draft EIS, when I made -- I made this point with the scoping comments, that when this hearing was held in Jackson we were still recovering from the nation's largest national disaster. Local residents, nobody was aware of this. Our elected officials were not aware of it. The environmental community was not aware of it. I am co-chair of the Mississippi Chapter of the Sierra Club. I only became aware of this the day after when a reporter called me for comment and said that there were no opponents or nobody at the scoping meeting in Jackson. If you do look at page S21 on the Potential Resource Impact for Alternatives I think you could see from there that the Richton dome is a not a preferred alternative. And when you put things in a chart like this and look at the different -- different sites that are being considered, that's very useful I guess from a scientific standpoint, but you have a little dot here under water resources. The Leaf River flows into the Pascagoula River which is one of the great river systems of the United States. It is the last large un-dammed river system in the entire U.S. It's incredibly important. The Leaf River is important. I lived up there near the Leaf River myself for 13 years and I can tell you that in periods of drought like now it gets very low and there is an impact from that, water usage. You have as -- as addressed in the EIS, you have all kinds of difficulties, not just with your aquatic resources, but everybody who has a wastewater discharge downriver from that will have less water in which to put their wastewater which causes problems for the municipalities that are discharging that wastewater and also from industrial water users. You may actually have a conflict with Chevron Refinery. There have been times when Chevron Refinery has come very close to not being able to run their refinery because the drought conditions have made the Pascagoula River low. So I would say that that is definitely a conflict of interest there in taking more water out of the Leaf River. Also, even though you only see a few members of the public here I would like to make the point that there was a proposal simply to put a dam on the buoy in Hattiesburg for which flows into the Leaf. That was involved about a year or two ago. I guess it was two years ago now in an area where the gulf sturgeon spawns. There was -- they filled up the whole -- a room bigger than this with people who were opposed to that project, so I think if people knew about the impact -- if people in the Hattiesburg area knew about the impact to the Leaf River water quality alone, that there would be a large number people that would have turned out for that. One point that I do take exception to is this idea that the salt domes are completely stable and nothing ever happens. That isn't true. It's my understanding there have been no new engineering studies at the Richton dome. These domes are inherently unstable. They do change and there should have been new engineering studies done before signing off on saying that this is a stable salt dome that would have no problems. I am also concerned about the ability of the Mississippi Department of Environmental Quality to adequately monitor any problems that might be associated with the salt dome if it leaked oil or if it leaked salt. I believe that some of our drinking water actually comes from up in that area in the underground flow, so I would be concerned about the drinking water quality. And I note here on page S22 of the summary that it says that the

total number of brine spills predicted with each alternative is 96 to 103. We have very productive, important natural estuaries here on the Gulf Coast and if you dump salt water into that you can kill it for years. These are important to our seafood industry and it can take a long time to recover. The other -- this other last point that I will make is I don't think that you've adequately considered the cumulative impact. And I had an idea if TV was here tonight, I was going to walk from the back and just go like this (indicating) and say, I surrender. We have four major public hearings this week in this county of major environmental impacts. We have two LNG boards that you want to put right next to the island that you are talking about putting this marine Shell terminal. These two LNG ports are going to have to require a great amount of security around them. I don't know how you are going to get all of these tankers in and out. Two LNG ports, right next door, Chevron Pascagoula Refinery is planning on expanding, doubling the size of their refinery so they would go from being the seventh largest refinery in the country to the third largest refinery in the country. I just went to a hearing tonight at 6:00 about DuPont Chemical expanding their operations there and bringing in a dangerous chemical that I don't think we need. So I don't think that you've adequately addressed the cumulative impact. This area has been hit hard by Katrina. The last thing we need to do is bring huge amounts of additional developments into the marine area that we rely on for our seafood production and our cultural heritage. Thank you.

MR. FRANK LEECH: Dr. Osborne and Mr. Johnson, especially on behalf of Jackson County, I would like to say welcome here this evening. And to the rest of you folks that are here to support this, the effort, I am appreciative of your coming our way. I suppose that I would much rather have been able to say that I appreciated being officially invited here this evening, but as you well know I was not officially invited and as far as I am aware, there is not a member of the Jackson County Board of Supervisors that was officially invited or notified as to this meeting or this hearing. Neither was there a notification on October 5th, which was to be a local scoping meeting for this -- Environmental Impact Statement was there any notice given to our Board of Supervisors nor our port authority, nor was there any local meeting relative to input that I am aware of in either Jackson County nor was there one on October the 4th, I believe, as it was scheduled in Hattiesburg, either. So with regard to the fact that none of the meetings have been held on a local level and I don't believe there has been adequate notice relative to this issue being placed before the citizens of Jackson County, I would say that I think this Environmental Impact Statement needs to take a step backward and I think in taking a step backward we need to then recognize and realize that the citizens of the Gulf Coast of Mississippi should be apprised and especially those individuals that are elected to represent a constituency, especially in Jackson County, should be one of the very first people that are on mailing list. I would further request that the Board of Supervisors be advised of why we have not been on an official mailing list and I would like to also know who has been notified as to any scoping meetings or any of the publications of the record that are taking place with regard to this Environment Impact Statement. I am aware that also within this Environmental Impact Statement it makes reference to establishing a marine terminal within the Port of Pascagoula. The Port of Pascagoula is represented by nine board members. Five of those being appointed by the Board of Supervisors. Four of those being appointed by the governor of the State of Mississippi and they, too, were not in the loop with regard to this project at all. I notified -- after having found out via the grapevine today that this meeting was taking place, I notified Mark McAndrews, the director of the Port of Pascagoula, as to this meeting and suggested that -- I wondered if he was aware of this and he apprised me that he was not. Mr. Johnson, it's my understanding

that a meeting was scheduled at 3:00 p.m. this afternoon to bring Mr. McAndrews as well as George Freeland, the director of the Jackson County Economic Development Foundation, QUASI, up to speed on what may be taking place here. I think all of this is a little bit on the ridiculous side as far as our federal government not working with local government to at least apprise it of what is going on. I further am very concerned about the fact that there seems to be some idea that has been quote, unquote, concocted that we are going to build a marine terminal on Singing River Island that is in the process of base realignment and the closure process. And I think in that regard and the fact that we do have an organization that has been recognized in Jackson County by the federal government as being an organization that would work toward the adaptive reuse of the island and look at it as to what may transpire there in the future that even that organization, I do not believe, is aware of this proposed marine terminal. I think in that regard things that are up for discussion is the future ownership, maintenance and the adaptive reuse of the Singing River Island as we try to proceed and as we try to solidify economic development within Jackson County with regard to that island, which the State of Mississippi and the Jackson County citizens have certainly made significant investment toward. We further, I believe, would be concerned about the fact that here we are about to -- it appears as though if this were found to be the right site -- incur a significant capital outlay into an area that is right on the face of the Gulf of Mexico and with the onslaught of the various and sundry not only tropical storms, but catastrophic hurricanes it would appear as though to me we will be in a constant state of maintenance with regard to a marine terminal that is going to be placed within the brunt of a zone that would be impacted by each and every hurricane that enters the Gulf and comes our way. Not only am I concerned about the fact that -- that is an issue, but with regard to what was described by Ms. Gillette as far as water resources and the extraction of water from a water supply that Jackson County has been concerned about for a long period of time. It would be my idea on S25 when it talks about water resources, we address surface water, and it says the proposed facilities would draw water from nearby surface water bodies for use in the cavern solution mining -- if I can read up here in the dark. Two of the proposed new sites would withdraw the water from the ICW the proposed, et cetera, et cetera. Then you get down to the fact the new Richton site, the flow rate of the Leaf River is highly variable and there would be a potential for withdrawing a significant fraction of the total river flow during drought periods. This withdrawal could exceed the minimum instream flow levels established by the Mississippi Department of Environmental Quality during periods of low flow in the Leaf River. Well, we have certainly experienced low flow within that river system and the fact that the Jackson County Board of Supervisors is presently in the final stages of a water supply for industrial purposes as well as for potential potable water for drinking water for our municipalities, a project by which we would continue to withdraw sizable amounts of water from the Pascagoula River. I am concerned about the fact that all of this could certainly place quite a strain upon the water resources, so I would ask that some additional consideration with regard to that be given and the fact that we are presently -- have in the last five years, I know, had to purchase water from the Pat Harrison Waterway through the Port of Pascagoula in order to stabilize industrial water supply for the local industries. I think we need to reconsider the fact -- withdrawing from the local surface water supply as far as this cavern is concerned. I am very also much interested in the fact that we are -- are looking for alternatives for storage and why are the locations all within a three-state area of the southern United States on the Gulf of Mexico. It would seem as though to me with regard for a need -- we certainly have a great need in the northeastern quadrant of the United States as well as the West Coast, so would it not be appropriate to establish some other location as opposed to a concentration of strategic

petroleum reserve being stored in such close proximity to each other? I do not have any earthly idea what the impact from a security standpoint may be, but with the fact that this is all around the Gulf, it would seem as though to me it could be better if it were spread out into other jurisdictions and this were not basically crammed down a couple or three states' throats as it appears as though we sometimes become the whipping posts for our government. I am also very concerned about the fact that these -- that there is such a concern about life cycle costs and if you want to look at life cycle costs why couldn't we merely look at another investment as opposed to merely incurring all of this capital outlay of pipelines and terminals and such as that by looking at a public/private partnership within some of our refineries whereby I am certain that an arrangement could be made for them to store some of this needed reserve product and could probably be done in such a fashion that it would be much less costly and would be ever present for productivity at those refineries so that that product that is called "crude" could then certainly be converted to something that would be consumable by the citizens of the United States? I am cognizant of the fact that we certainly need and we will always need to look for alternative uses or alternative energy sources. And I think that certainly I echo Ms. Gillette's comment with regard to the message to Congress that we need to be looking at something other than continuing to build strategic petroleum reserves and look at another means of providing as opposed to oil. I would ask that the prior Environmental Impact Statement that was developed in the '90s be returned to the website or that copies of that specifically be made available as far as a CD ROM or such so that we could compare what prior findings were made as compared to today's Environmental Impact Statement. That we probably are just merely recreating the wheel and all of this has been studied and studied and studied again, so it would be my opinion that we probably ought to quit studying and we ought to just try to get down to the brass tacks of the matter of the fact that there are some alternatives other than Mississippi becoming this process of having oil stored in our salt domes and then have to be concerned with this brine sludge or whatever is going to come down this pipeline for introduction into the Gulf of Mexico. I would further ask that the Gulf of Mexico program office be consulted with regard to any and all concerns as well as national marine fisheries simply because our Gulf is a very -- is very much an impact financially and economically across the entire southern United States. And with the shrimp and the aquaculture production that we are working so hard to improve so that we don't have to rely upon foreign seafood and the import of additional products, it would seem as though to me we would want to be much more protective of our Gulf than what we are presently talking about doing and that's merely dumping some additional brine or whatever is going to come out of that salt dome down this pipeline into the Gulf of Mexico. So with that you can gather from my comments that I am concerned. I am very much displeased with the fact that a federal agency has come to Pascagoula, Mississippi on this date without having had any prior meeting in Jackson County with regard to something that is going to ultimately end up here in our county and guess what, it is not appropriate I do not believe for this local government to be ignored and to be glossed over. So for that I would say y'all have not done justice to our local government. It is with great disdain that I stand here having to say this evening that I don't appreciate any or all of this. I don't appreciate that many federal agencies have been involved, but yet, none of have had any discussion with the people that are elected to care about our county and how we go forward. I'd ask that you please do not take these comments personal. These are my personal comments and I would further say that I do not speak on behalf of the five members of the Board of Supervisors. I am speaking as Frank Leech, District 4 Supervisor of the Jackson County Board of Supervisors and I am not speaking on behalf of the board, even though I did ask each one of our board members today that were present as well as Mr. Broussard, who was not present at

our meeting today, who happens to be celebrating his 30th wedding anniversary today, so I can appreciate why he is not here or he would have been, I am certain, because he has great concern about our environment. But I have asked each and every one of them if they were aware of any or all of this and there was not the first single, solitary person that was aware, that I spoke to, be it at the port or be it at our board. In that I am going to close and I am going to say once again I thank you for allowing us the opportunity to come. I am saddened by the fact that this was not very well publicized. I am saddened by the fact that we do not have an abundance of people here this evening to respond to what I think could be an issue that could provide a critical situation in Jackson County as we go forward. And I personally do not believe it would be in our best interest and the State of Mississippi necessarily to have this 160 million barrels of oil stored here when it could be stored other ways and other places. Thank you very much.

MR. FRED LEMON: First I'd like to thank Dave and Karen. Thank y'all for coming, taking your time down here. We appreciate it. I am also mighty honored to follow Ms. Gillette and Mr. Leech, Supervisor Leech and I want to thank the Congress. I think they are on the right track. They just took the wrong trail, especially when it came to Richton. I don't think that the Richton deal -- it's kind of like the pleasure is not worth the pain. You know, I just don't think it's a good idea at all. Number one, we might want that salt for something else. Number two, are we going to change the salinity? Number two, (sic) we are going to spend a lot of the Chinese money we borrowed from them for Congress and I like Congress. And I've had a lot to do with helping good men get in and helping bad ones get out. As long as they keep their money not too cold, I think they are right. They are doing right. We've just got to get this thing straight. Now, as far as us having this meeting, I am not sure it's a legal meeting because if it wouldn't have been for Ms. Gillette I wouldn't have even known about it, so, you know, I think we need to look at that. But let's get on back to our water. Our water comes through those salt domes. How much of it comes out, how much of it gets salted because our water down here -- and I've traveled this country from one end to the other and crisscrossed in a camper and in only one-third of the sites would I put the water in that campground in my camper it was so bad and we have good water. Are we are going to take a chance -- are we going to take a chance in polluting it with this petroleum? I don't think it's -- I don't think it's worth it. And I was in on the atomic dump. They tried their very level best to dump that atomic waste here. It was real popular at the time to dump on Mississippi and so, boy, they really tried. I have got an older radiologist friend -- when they started using radium and he says the place to put that atomic waste is back in the mountain, so we got it to the Oquirrh (phonetic) Mountains, but they haven't just been smart enough yet to put it in, but it's got to go somewhere. It can't go into Congress's back pocket, so eventually it's got to go somewhere. But let's don't screw this salt dome up with petroleum. It needs to go somewhere. Let's put it back in the ground where it came out of, but let's don't put it there. In fact, this plan on the wall, it kind of looks like -- and some of you people are not old enough to remember, but it looks like the Rube Goldberg and the old comic strips. You know, you run this here and you pump this water in there and you -- you take away from the Leaf River and then you put the salt down in the other pipeline and then you pump the petroleum in. It's just a -- the pleasure is not worth the pain. It's a Rube Goldberg. It's poor. The price, like I'd asked you today and you couldn't give me the price and we have borrowed money from the Chinese. Are they going to own our country one day? I hope not because I am a professional businessman. And we've just got to stop that. When I went into business -- I hate to say this, but it was 54 years ago you could do a lot with a dollar. Now, it's not even worth a dime. It's close to a nickel and we are

going to build this Rube Goldberg. I hope in God's name we don't. Let's see. There's a couple of other points I would like to get if I can see them. We've got to have good drinking water and we have good drinking water. Now, I was watching a program the other night on the earthquake. If you put that petroleum in there and we do have an earthquake -- because I think it's a New Madrid fault. Is that right, Frank and Becky? A New Madrid fault between Memphis and St. Louis and if it comes and breaks that thing open and dumps it into our water supply we've all lost, so, you know, it's not practical. It's not practical at all. I think that's mainly the points I wanted to get in and I hope they'll be taken with -- seriously. So I would like to close with one word. No.

MR. LIN JACOBSON: My name the Lin, L-I-N, Jacobson, J-A-C-O-B-S-O-N. I live at 802 Washington Avenue, Pascagoula. That's the west end of Washington Avenue. My home is approximately one-third mile north of Singing River Island. I was amazed to see a small blurb in Saturday's Mississippi Press announcing this public hearing. And in my asking around town the past three days, does anybody have any information on this public hearing. Nobody knew the first thing about it. Mr. Leech has done an excellent job of expressing his displeasure. He has expressed the way I feel. I have no information to offer to this hearing at all other than the fact I feel that -- Mr. Lemon talked about a railroad or a rail line. We are being railroaded here it feels like. We have been through a tremendous amount the past ten months and to be hit with something like this is extremely distasteful. I would expect more from my federal government quite honestly. So I have nothing further to say. I would like to learn a lot about the brine situation as a result of the salt dome. Brine to me is a concentrated, concentrated salt water solution and I don't think that needs to be pumped out into our front yard in the Gulf, but I will need further information. The planning on this may have been exquisite for you guys, but your public relations as to what is going on to the people of Jackson County has been a zero and that's unfortunate. Thank you.

MR. LEECH: the State of Mississippi has done a poor job as well, then, of having the local jurisdictions which have home rule advised within the process because I would expect the Mississippi Development Authority -- we do have an Area Development Partnership that spoke at Jackson which is supporting the Perry County Board of Supervisors. We have relationships across this state regarding economic development and it would just seem as though to me that something would have been communicated. And I am -- I am a little bit taken back by the fact that the storm has become everybody's whipping boy, so to speak. It is the fault of everything that is not happening and our federal government hasn't done a good job with regard to it and neither are we doing a good job now with regard to other things that have really nothing to do with this storm, y'all. You need to carry on your business as usual and to me if you are going to set up a meeting it's going to be published in the Federal Register that you are coming here, then come and do what you say you are going to do. If you are not, then some communication needs to be sent so that people could be aware of the fact that this is going on. And you know when you had to have a meeting today with Matthew Avara as well as the Port of Pascagoula in order to -- to, you know, enlighten them in some fashion. Well, heavens to Betsy, 9-1 was two days after the storm and for this to go to the Federal Register then and us just think, you know, it's business as usual then. It wasn't. So, yes, I guess we can blame some of this on the storm, but I think due diligence was the cause or give cause for your need to take an extra step with regard to this process and any Environmental Impact Statement that has been developed in what I would call a vacuum, without local input, I think is just quite -- it's quite disrespectful

for the local jurisdiction. So again, I think I made my point clear. I won't go any further.

MR. LEMON: Dave, let me say this. I just got my roof fixed on my house and repaired -- a complete new roof three weeks ago and everybody down here is just way behind, so really this stuff should really be advertised completely and give us time -- even the Feds gave us time on our income tax. Boy, that is something when you get something out of the IRS.

MR. LEECH: Yes. As a CPA they even gave us another extension to October 15th, so needless to say, there is some consideration.

(MEETING CONCLUDED AT 8:20 P.M.)

1 C E R T I F I C A T E

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3 STATE OF ALABAMA:

4 COUNTY OF BALDWIN:

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6 I do hereby certify that the above and foregoing
7 transcript of proceedings in the matter aforementioned was
8 taken down by me in machine shorthand, and the questions
9 and answers thereto were reduced to writing under my
10 personal supervision, and that the foregoing represents a
11 true and correct transcript of the proceedings given by
12 said witness upon said hearing.

13

14 I further certify that I am neither of counsel nor of
15 kin to the parties to the action, nor am I anyway
16 interested in the result of said cause.

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19 _____

20 PHYLLIS A. HOILES, AL-CSR-338

21 Court Reporter

22 Mississippi CSR 1726

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